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ABSTRACT

Based on information provided by state directors of community/junior college education, this report reviews state approaches to community college financing. The report includes data from 35 states, which together accounted for 86.3% of the total enrollment in community/junior colleges in 1980. Section I presents conclusions drawn from the data, including: (1) the trend toward increased state support with less emphasis on local funds continued; (2) program quality suffered as a result of marginal funding; (3) student costs continued to rise; and (4) political leadership has a limited understanding of the potential of the community college. Section II describes financing patterns in each reporting state, emphasizing changes occurring since 1978. Section III begins by enumerating six unique functions of community colleges, then notes the shift in funding from the local to state level, and reviews suggested criteria for funding. It then describes four common state-funding patterns: negotiated funding, where state support is based on an annual negotiation between the colleges and the state; unit-rate formulas, where funding is based on a stated amount of money per a selected unit, such as full-time equivalent student; minimum foundation funding, where state funds are modified by local tax yield; and cost-based program funding. Data tables in Section IV illustrate the increasing role of state support in community college funding, the wide range of expenditures per student, and the similarities of states' funding problems. (KL)

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FINANCING COMMUNITY COLLEGES

1981

by

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and

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Institute of Higher Education
University of Florida
Gainesville, Florida

August, 1981

With the Assistance of the

National Council of State Directors of Community/Junior Colleges

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FOREWORD

This is the seventh of a series of publications on community college financing published by the Institute of Higher Education, University of Florida. The data included herein were provided by the state directors of community junior colleges in the various states. Each state reporting has been summarized and several overall conclusions described in Section I. Section II provides information relative to the current procedures in each state. Section III discusses a major problem which is currently of great interest--the subject of quality as a basis for funding. Section IV provides a number of tables summarizing the data state by state.

The soon-to-be-issued report by Brenneman and Nelson from the Brookings Institution and the financial study under way by Hyde of NCHEMS will provide additional perspective and other viewpoints regarding these problems.

The Institute of Higher Education hopes this addition to the literature will be valuable to all concerned with providing increased educational opportunity to the people of this nation.

James L. Wattenbarger, Director
Institute of Higher Education

August, 1981

TABLE OF CONTENTS

Foreword	i
SECTION I - SUMMARY	1
SECTION II - STATE BY STATE REPORT	4
SECTION III - QUALITY	28
SECTION IV - DATA	40
Bibliography - Selected	51

SECTION I

This report includes data from 35 states. These 35 states provide for 86.3% of the total enrollment in community junior colleges for 1980 as reported by AACJC 1981 Directory. For the most part these are the same states which reported data in a similar study in 1978, providing thereby comparative statistics in many areas. One is always curious as to the trends and the probable future of these colleges. Data such as these are helpful.

Several conclusions may be inferred from these data:

1. The trend toward increased state support with less emphasis on local support continues as a major trend in financing community colleges. The various state level patterns of support have changed very little since the last report in 1978. Table I in Section IV of this report shows an average of 7% local funds (supporting colleges) in these 35 states with a range of state support from as low as 21% up to a high of 100%. No state, however, exceeds the 50% level for local support and this was not the case in 1978. It is also important to note that there has been little numerical expansion of these institutions. New centers and a few new campuses have been established but practically no new colleges.
2. Several states have experienced local taxpayer "revolts." The Proposition 13 pattern in California resulted in more state and less local financial support. While many changes in financial formulas for support have been suggested, few have actually occurred and most states continue their past procedures.

3. In spite of attempts to move into commonly defined MIS's, the differences among the states in definitions of terms would still make comparisons between states risky and often misleading.
4. All states report that crisis points for support are rapidly approaching. The twin factors of energy costs and inflation have reduced the discretionary portions of budget decision making to almost zero.
5. There is a general opinion expressed that program quality has suffered as a result of marginal funding. There is no specific concrete evidence submitted, however.
6. Student costs continue to increase. Fourteen states require students to pay more than 20% of the total operating costs in tuition and fees. The states in the Northeastern Region (New England, Middle Atlantic States) report the highest levels of student fees but not necessarily the highest levels of expenditure per student. Student costs as represented by foregone earnings, costs of food and lodging, and costs of materials and supplies are also increasing thus making the total cost of college attendance too expensive for full time enrollment for many students. The result has been increasing part-time enrollments and extended time for individual completion of programs and/or degrees. All states report larger numbers of students seeking financial aid.
7. The general decline in the number of 18-year olds enrolled has not resulted in a similar decline in overall enrollment. Increased attendance on the part of women, minorities, and part-time students is a general phenomenon. The implications these

changes have for program planning have not been analyzed to any great extent.

8. Political leadership for the most part has a very limited understanding of the potential of the community college. University transfer with limited occupational education is the most common expectation. Lifelong learning is not yet a popular concept except among the citizens in the communities.

SECTION II

In this section each state is briefly described with emphasis upon changes which have occurred since 1978. The general taxonomy classifying the patterns of finance developed by Wattenbarger et al in 1974 seems to be adequate for classifying the 1980 situations as well. (see pp31ff).

Alabama

Alabama's system of two-year colleges consists of six community colleges, 15 junior colleges, and 22 technical colleges. The average level of support for the 21 community and junior colleges was reported to be $1,563 per FTE during 1979-80.

A lump sum is appropriated to the state system of community and junior colleges. Each college receives a flat grant of $200,000. The remainder of the appropriation is then allotted to each college in accordance withs its percentage of total credit hours attempted during the previous academic year. Exceptions to this formula are the nursing and allied health programs, which are funded on a cost basis. No state funds are provided for non-credit courses.

A study of the state's role in financing its two-year collegs was recently conducted by the Legislative Joint Interim Educational Institutions Study Committee. Among their recommendations are the following:

1. Prohibit college districts from underwriting student transportation costs. The Committee views this activity as a "luxury" that the state cannot afford.
2. Reduce the funding for student credit hours generated by part-time faculty.

3. Reduce the level of support for off-campus programs. The Committee found that revenues exceeded expenses in these programs. The recommendation is to fund them according to actual costs.

Periodic increases in state support are based on inflation, rising energy costs, and salary raises. These increases have been adequate to maintain a constant level of quality. Major problem areas include rising operation costs, building repairs, and increased transportation costs.

Alaska

No report. This is a system under the University of Alaska. Local funds are used for occupational programs.

Arizona

No report submitted in 1980. See the August, 1979 report.

Arkansas

The current level of support is reported to be $3,333 per FTE. State revenue is appropriated in major categories of salaries, extra help, operating expenses, travel, etc., and appropriated funds must be spent in those categories. Funds for vocational courses are provided through the normal funding process. No state funds are used for non-credit courses. The major problem confronting the community colleges in Arkansas is a declining rate of growth of revenue generated by state taxes. In the near future community colleges may not be adequately funded even though current reported level is relatively high.

California

The current level of support is reported at $1,769 per ADA (students in average daily attendance). The increase in the percentage of state support for current operating funds since Proposition 13 has been significant. Now 69% of the operating funds is provided by the state, compared to 41% prior to Proposition 13. California has nonetheless been able to continue its policy of charging no tuition for state residents. But nonresident fees increased 144% between 1975 and 1980. User fees are also charged for non-credit classes.

The appropriation and distribution of state funds is accomplished by a formula that involves a computational procedure known as AB 8. Under this structure, which uses ADA as the basic funding unit, district base budgets (prior year funding) are adjusted yearly for inflation, workload, and, if applicable, programmatic changes. AB 8 is an effective equalization tool and provides a basis for statewide and district planning.

The main problem confronting the community colleges in California is, of course, the taxing restriction placed on state and local governments. Until now the shortfall has been offset by a state surplus which had accumulated over the years. During Fiscal 1981-82, this surplus will be exhausted and significant funding costs may be the end result.

Facing an uncertain future, the chancellor's office recently conducted a study the object of which was to develop recommendations for new community college finance legislation. Among the most noteworthy recommendations are the following:

1. Finance community colleges to reflect the unique character of these institutions.

2. Design funding procedures to enhance local flexibility.
3. Develop and implement new planning and compliance processes.
4. Continue to rely primarily on state general fund and local tax revenues, not a general tuition.
5. Develop procedures that will accurately anticipate inflation. growth, and programmatic changes.
6. Endorse the concept of federal revenue sharing for community colleges.
7. Retain the basic structure of AB 8, but
   (a) include inflationary adjustments that permit maintenance of program quality,
   (b) enhance the district equalization feature of AB 8,
   (c) fund workload changes on the basis of incremental rates,
   (d) develop a separate funding provision for community service classes,
   (e) supplement the funds provided by the private sector for occupational education, and
   (f) support small and very large colleges in accordance with economies and diseconomies of scale.
8. Limit categorical aids to those special programs currently so funded and support increases in those programs for inflation, workload, and achievement of objectives.
9. Revise the process for support of capital outla..

Colorado

There are two distinct types of community college structures in Colorado. Eight community colleges are governed by a state board and receive no local financial support. Four community colleges are operated by local districts and are funded through a combination of local taxes, student tuition, and state subsidy.

The level of support for the state community colleges is reported to be $1,898 per FTE. The state share for local districts is $700 per FTE with an additional grant of $475 per FTE in occupational programs. Yearly increases in state funding are limited to 7% by statute. Program quality has suffered because increases have not kept pace with inflation in recent years. Major problem areas within the state system include a decline in real dollar support, reduced funding for administrative functions, and deferred maintenance and delayed replacement of capital equipment.

The level of support for local colleges is $2,225 per FTE. State subsidies are allowed, but yearly increases are limited to 7%. Increases in local taxes and tuition are local decisions.

Connecticut

The Connecticut system is largely state supported. Allocations are based on budget requests submitted by each college president and on legislative descretion. Budgetary restrictions by the legislature during the past few years have reduced program quality. The state allocates funds by specific line items: personal service, other expenses, and equipment. The level of support is reported to be $1,703 per FTE.

Delaware

Community colleges are fully supported by the state. Tuition received from day students is diverted to the state treasurer; tuition from evening students is retained by the colleges to support evening programs. The average expenditure per FTE is reported to be $2,500. Although budgets are individually negotiated, periodic increases are based on salary and energy needs. No state funds are provided for noncredit courses. Yearly increases in allocations have been adequate to maintain a constant level of program quality.

Florida

Current operations are funded on program cost basis. Thirty-four programs are differentiated. Each program cost factor has been determined by previous state level studies. In addition, funding per FTE is a function of college size--colleges enrolling less than 1300 FTE are funded at a higher rate. One consequence of this device is that colleges in which enrollment is in the range from 1301 to 1690 FTE actually receive less revenue than a college with an enrollment of exactly 1300. (This range is sometimes referred to as the "Chipola Chasm". Chipola Community College's enrollment has been in that range for several years.) The original intent of the size provision was to provide the higher rate for the first 1300 FTE, regardless of size and thelower rate for additional FTE. But the state legislature opted for a simpler process and created the "chasm."

The average expenditure per FTE is $1,760. Salary hikes, rising energy costs, inflation, and new facilities form the bases for annual revenue increases. These increases have not been adequate to maintain program quality. State funds are used to help support some noncredit courses.

Some community colleges are experiencing enrollment declines. The formula used to allocate state funds provides these colleges one-half the value of the decline in FTE. Other major problem areas include legislative pressure to increase student fees, insufficient funding of high cost technical and health programs, and the lack of start-up funds for new programs.

Georgia

There have been no substantive changes in the funding process since the last report. Funding categories are (a) faculty and research positions, (b) clerical and technical positions, and (c) extension and public service. No expenditure per FTE was reported, but the periodic increases were reported to be adequate to maintain program quality.

Hawaii

No report. This is a state supported system, a part of the University of Hawaii.

Idaho

Average expenditure is $1,426 per FTE. The total share of operating expenses amounts to 45% of the total. The major problem confronting community colleges is the inadequacy of the revenue generated from local taxes.

Illinois

Illinois uses a program cost based formula that includes seven funding categories. Each category and the requested state support per student credit hour (SCH) for 1982 are listed below:

1. Baccalaureate and General Academic - $82.49.
2. Business Occupational and Vocational - $76.85.
3. Technical Occupational and Vocational - $92.30.
4. Health Occupational and Vocational - $120.50.
5. Remedial/Developmental - $77.37.
6. Adult Basic Education/General Education Development - $51.83.
7. General Studies - $58.36.

The mean request for all categories is $77.93 per SCH. The actual mean cost for fiscal year 1980 was $65.71 per SCH.

The state's share of each community college's budget is the difference between the statewide average cost and the required local contribution, which includes tuition. No state funds are provided for non-credit courses. Special grants provided by the state include equalization grants for poorer districts unable to meet the local requirement and grants for disadvantaged students.

The Illinois Community College Board developed a list of 26 recommendations that are divided into six categories: (a) resource requirements analysis, (b) standard local contribution analysis, (c) credit hour grants, (d) equalization grants, (e) budget planning, and (f) targeted tuition subsidy. Specific recommendations include the following:

1. Utilize past enrollment data instead of the unreliable projections.
2. Provide allocation in four quarterly payments.
3. Permit alterations in the formula according to local needs.
4. Expand the program categories.
5. Restrict tuition to a maximum of 20% of operating expenses.

The current expenditure per FTE is $1,948. Periodic increases in funding are determined by a weighted index generated from the Consumer Price Index (CPI) and the Higher Education Price Index (HEPI). These increases have not been adequate to maintain program quality.

Indiana

Indiana does not have a state system of community colleges. Vincennes University Junior College negotiates its allocations along with all other colleges in the state.

Iowa

Iowa maintains a cost based program funding plan with eleven major cost centers. Appropriations for fiscal year 1980 represented a 4.6% decrease from 1979. The level of support for 1979-80 was reported to be $2,027 per FTE. Obviously, program quality has suffered. No state funds are provided for noncredit courses. Major problem areas include: (a) highest tuition charges in the midwest, (b) a limit on the property tax levy, and (c) the unwillingness or inability of the state to continue to provide more than 50% of revenue sources.

Kansas

The level of support for Kansas community colleges amounts to $1,724 per FTE. Yearly increases have been below increases in the cost of living, thus program quality has not been maintained. No state funds are contributed for the support of noncredit courses. The major problem is an unrealistic budget lid set by the state legislature.

Kentucky

An attempt to set up an "enrollment decline" pool of money to assist colleges went by the wayside in a recent state budget cut. Diminishing state tax revenues represent the biggest problem confronting the Kentucky system.

Expenditure per FTE is currently $1,803. No state funds are used for noncredit courses. Periodic increases in state funds have been minimal and not adequate to maintain program quality.

Kentucky does not utilize a funding formula. An incremental approach is used to determine budgets from year to year.

Louisiana

No report. Delgado Junior College in New Orleans is allocated funds under the same procedure as other colleges in the state.

Maine

No report. Two-year branches of the University of Maine serve this function and are allocated funds as a part of that structure.

Maryland

The state share of current expenses is 50%, with a maximum of $895 per FTE. Preferential funding (55%, with a maximum of $1,305 per FTE) is provided for (a) community colleges with enrollment less than 500 FTE if the supporting county has less than 50,000 population and (b) any regional college if the combined population of the supporting counties is less than 100,000. Three colleges receive alternative funds which are 55% of current expenses with a maximum of $1,636 per FTE. Extra

funds, provided to all but four colleges, consist of (a) a $200,000 flat grant plus (b) $10 per part-time student.

The student share of current expenses is required to be at least 22% at large community colleges and at least 17% at small or regional colleges. On the average student fees comprise 28% of current operating costs. The total revenue generated by the colleges represents $2,195 per FTE.

Salaries, fringe benefits, and energy costs form the bases for yearly increases in appropriations. So far, these increases have been adequate to maintain program quality. State funds are used to support noncredit courses.

Massachusetts

No report. See 1979 report.

Michigan

No report submitted in 1980. See 1979 report.

Minnesota

No report submitted in 1980. See 1979 report.

Mississippi

The State Board of education distributes a $10,000 flat grant to each community college. Additional proportional grants are allocated, in eight monthly installments, on the basis of the number of full-time resident day students enrolled at each college. Separate appropriations are provided for vocational-technical departments and for evening programs. The state is now in the process of providing additional teacher

"salary catch-up" grants. Mississippi is planning to implement a statewide management information system (MIS).

Total revenues to community colleges amount to $1,907 per FTE. No state funds are used to support noncredit courses. The major problem areas include low support for part-time and evening enrollments, no consideration for actual program costs, and no provisions for enrollment increases or fluctuations.

Missouri

Community colleges are eligible to receive up to 50% of the current operating costs from the state. State funding is based on credit hours rather than FTE. Total revenue from all sources amounts to a reported $2,421 per FTE. Periodic increases written into the state funding formula are based on salaries, equipment costs, utilities, and library acquisitions. Salary increases have not kept pace with inflation. Major funding problems include insufficient support for colleges having higher enrollments than projected and the absence of state support for capital improvements.

Montana

A recent legislative bill (HB 69) has changed the process of state funding of community colleges. It is a "reverse" minimum foundation plan whereby the state provides a certain percentage of an approved budget, student fees are added in, and the remainder must be provided by local districts. The approved budget is based on a specified dollar amount per FTE.

The average level of support, counting all revenues, is reported to be

$2,700 per FTE. State funds are not used to support noncredit courses. Major problem areas include declining enrollments and insufficient state and local support.

Nebraska

Funds appropriated by the state legislature are distributed to community colleges in ten relatively equal payments each year. Revenues from all sources amount to $2,736 per FTE. Recent increases in state aid have not been adequate to maintain program quality and layoffs have occurred in some areas. Major problems confronting community college financing include a seven percent lid on increases from state and local tax sources, lost revenue from personal property tax exemptions, and low property valuations in some areas of the state.

Nevada

The level of support for community colleges is reported to be $961 per FTE. No state funds are used to support noncredit courses. All community colleges are currently experiencing increases in enrollment. The major problem is the low level of support.

New Hampshire

No formula is utilized to determine individual college appropriations. Each college receives a budget broken down into categories such as permanent personnel, part-time personnel, operations, travel, etc.. Expenditures must occur within specified categories unless otherwise approved by the state. Expenditure per FTE is reported to be $2,976 for daytime students. Expenditure for day and evening students combined is $2,640 per FTE. Each

college must justify its own budget request. Salaries are raised as part of a state employee package. Energy costs are a separate budget item. Critical problems include faculty salaries, equipment maintenance, and a tight state budget situation.

New Jersey

The reported expenditure per FTE is $2,020. No additional information is available. No substantial changes have been made since the 1979 report.

New Mexico

Operational funds are divided into two broad categories: Instruction and General (I & G) and Special Projects. I & G funds are allocated on the basis of enrollment driven formulas. There is a different formula for each of seven discipline clusters:

1. Business
2. Fine Arts
3. General Education
4. Health Occupation
5. Mathematics
6. Language/Letters
7. Sciences
8. Service Occupations
9. Trades and Technologies

Within each discipline, productivity ratios and other direct cost rates are assigned. The number of faculty positions is computed by dividing the number of student credit hours (SCH) by the productivity ratio. The

discipline instructional expenditures (DIE) are computed by the following formula:

$$DIE = (\text{Faculty Positions} \times \text{Salary and Fringe Rate}) + (\text{Other Direct Cost Rate} \times \text{SCH})$$

Total instructional expenditures (TIE) are found by summing the seven separate DIEs. Total I & G expenditures are the sum of TIE and General Support Expenditures. The appropriation amount is determined by deducting credits (tuition revenues, local support, and miscellaneous revenues) from the total of I & G Expenditures.

Combining all revenues, the level of support is reported to be $2,427 per FTE. No state funds are used to support noncredit community service courses, but noncredit vocational courses reveive their full state share. No major problem areas have been identified.

New York

For the first time in five years, the Governor's Executive Budget contained some increases for community colleges--an increase in base aid of $50 per FTE and an additional $35 per FTE for those districts that cannot meet a millage bonus condition. Each college is funded on the basis of the three previous years enrollment figures: 50% of last year's FTE plus 30% of FTE two years ago plus 20% of FTE three years ago. This plan benefits those colleges experiencing enrollment drops.

Total support from all revenue sources amounts to a reported $2,664 per FTE. State funds are used to help support eligible noncredit courses. Major problems are with the funding formula: it is complex and contains no built-in inflation factor.

North Carolina

The level of support is $1,366.19 per curriculum FTE. Noncredit courses are funded at a rate of $815 per extension FTE. The funding allocation is based on the "inflational unit." One such unit consists of 22 curriculum FTE. One FTE represents 176 student clock hours per quarter. Major problem areas include differences in program costs and inadequate appropriations for equipment.

North Dakota

No report.

Ohio

A study to replace the current enrollment-sensitive funding formula is being conducted. The proposal is not yet available. Budget recommedations are now based on program cost studies each biennium. Total expenditure per FTE is reported to be $2,201. No state funds are provided to support noncredit courses. Major finance problem areas identified are continuing education, developmental education, and fixed costs.

Oklahoma

The Education and General (E&G) budget for each institution funds instruction, research, and service functions. Community colleges are included with other colleges and universities in the Oklahoma State System of Higher Education. Instructional programs are identified and funding for each program is based on the estimated cost per FTE and the number of projected FTE.

The average expenditure per FTE is $1,854. State funds assist in the

support of noncredit courses. State appropriations have been adequate to maintain program quality but colleges have not yet received the full amount of their budget requests. Alternatives to the current funding formula are under study. Enrollments are anticipated to decline during the 1980s.

Oregon

No report.

Pennsylvania

FTE is computed as the number of full-time students (enrolled for 12 credits or more) plus one-twelfth of the total credits for which part-time students enroll. Nonresident students and students attending school under contracts that provide for operatings costs are deducted. Reimbursement by the state is one-third of the approved per student operating cost times the number of FTE. State aid cannot exceed $1,800 per FTE. An additional $150 per FTE is provided for terminal non-liberal arts programs. Federal funds received by a college are deducted from the state contribution.

The average expenditure per FTE, counting all revenue sources, is $1,943 per FTE. A seven percent salary increase, enhanced fringe benefits, and a 25 to 30% rise in utility costs have been the bases for increases in state aid. Program quality has been maintained, but only at the expense of capital projects. The major problem confronting the Pennsylvania system is the growing reluctance of local sponsors to increase support by local taxes.

The Commission for Community Colleges has recently submitted a position paper that encourages increased state support. This position is in response

to the recent inability or unwillingness of local agencies to increase their burden. Specific recommendations include:

1. The ceiling for state support of operating costs, which was $1,500 per FTE when first set in 1974, should be increased annually in accordance with the Higher Education Price Index (HEPI). This recommendation is retroactive to 1974.
2. The stipend provided for non-liberal arts programs, currently $150 per FTE, should be increased annually in accordance with HEPI.
3. The state's share of operating costs should be increased from 33 1/3 to 50%.
4. The state should provide additional support for programs that are designated as "statewide programs." The level of support should be the difference between the actual operating cost and tuition charges, thus relieving local districts of any financial burden with respect to these programs.
5. The state should conduct a study of participation of local participation. If inequities exist, then the state should strive to balance them.
6. The state should increase its support for capital costs from the current 50% to 75%.

Although the position paper described above was written in 1977, the recommendations therein are currently under consideration.

Puerto Rico

Operating costs in the Puerto Rico system are 98% state funded. The reported level of support is $1,748 per FTE. Noncredit courses

are required to be self-supporting. Inflation, salaries, energy costs, and library acquisitions form the bases for periodic increases. Shortage of funding is the main problem which forces a reduction in the number of incoming students.

Rhode Island

The level of support is reported to be $2,839 per FTE, but this figure is inflated by inclusion of debt service expenditures and scholarships. Increases last year included an 8.2% salary increase, a 50% increase in utility costs, and an 8% increase in overall operating costs. These have not been adequate to maintain program quality. Student fees support the instructional costs of noncredit programs.

The budgeting process is essentially an incremental one. For the past several years budget requests have been restricted by an 8% cap which does not allow for growth or inflation. Rising utility costs have caused severe problems in balancing budgets.

South Carolina

The 1979/80 Funding Policy and Procedures incorporated the following major objectives:

1. Uniform and equitable allocation of funds.
2. One hundred percent funding of program enrollment.
3. Provide merit and cost-of-living increases consistent with appropriations.
4. Provide Employer's Share Funding consistent with appropriations.
5. Provide priority designation at the local level.

Allocation of state funds is based on previous year cost and

enrollment data. Yearly increases have not, however, been adequate to maintain program quality.

The level of support, counting all revenue sources, is $1,547 per FTE. Noncredit continuing education courses are state supported, but community service courses must be funded through student fees. Major problem areas include appropriation stability from year to year, equipment funding for vocational programs, and overall austerity.

South Dakota

There are no public community colleges in South Dakota.

Tennessee

The funding formula is driven by average statewide cost for higher education programs. These costs are reported biennially in a cost study conducted by the Tennessee Higher Education Commission (THEC). Statewide average costs by student credit hour, by program, and by level are utilized in the formula.

A recent project in which participating colleges can "earn" up to an additional two percent of their E & G budgets has been instituted under the guidance and supervision of THEC. The actual award is based on an evolution of instructional performance on any five of the following six instructionally related performance variables:

1. proportion of eligible academic programs accredited;
2. performance of graduates on a measure of general education outcomes;
3. performance of graduates on a measure of specialized field outcomes;
4. evaluation of institutional programs by enrolled students, recent alumni, and community employers;

5. peer evaluation of academic programs; and
6. an optional variable, submitted by the college and approved by THEC.

A maximum score of 200 points is assigned to each variable. Institutional scores on the highest five are used. A maximum cumulative score of 100 points allows a college to receive a full two percent supplement to its E & G allocation. Colleges scoring less than 100 receive proportional awards.

Noncredit courses receive no state aid. A "number of positions" approach is under consideration to replace the enrollment driven funding process. Major problem areas include inadequate faculty salaries and equipment replacement funds.

Texas

Allocation of state funds is based on student contact hours. Separate formulas are utilized for vocational and nonvocational programs. Formula recommendations for each biennium are based on studies which analyze costs incurred during a given year. Three elements of cost per contact hour are determined: faculty salaries, departmental operating expense, and overhead. Statewide average costs are obtained for 18 academic and 34 vocational programs. An inflation factor, the Higher Education Price Index (HEPI), is incorporated into the formulas to develop an appropriation request.

Recent increases have been marginally adequate to maintain program quality; no state funds are used to support noncredit courses. Building and maintenance needs must come from local funds.

Utah

No funding formula is utilized. Allocations are based on incremental program budgeting. The current level of support, counting all revenue sources, is reported to be $3,072 per FTE. Noncredit courses receive no state aid. Colleges are now attempting to establish priorities for the elimination of programs. Enrollment declines are not expected in the near future.

Vermont

No report.

Virginia

The first step in the allocation process is the issuance of budgeting guidelines by the State's Secretary of Administration and Finance. Each college then submits a program proposal. The Secretary of Education reviews all proposals and prepares a "target" for the system. Allocations to individual colleges are based on the system target. No formulas are used in the budgeting process.

The level of support in Virginia is reported to be $2,109 per FTE. Twenty percent of all operating costs are required to be funded through student fees. Noncredit courses are self-supporting. The major problem with the funding process is the inadequacy of supporting functions that are based on fixed or indirect costs. Recent increases have not kept pace with inflation and have been inadequate to maintain program quality.

Washington

Community colleges are funded on a program cost basis. Budget

categories include (1) instruction, (2) libraries and learning resources, (3) student services, (4) plant maintenance and operation, and (5) administration and general expenses. Programs within each category are funded on workload bases. The funding unit for instructional programs is the full-time-equivalent faculty (FTEF).

Student fees are not retained by the colleges. Fifty-three percent of these fees are deposited into the state general fund; 47% are dedicated to bond retirement and capital projects.

The level of support, counting all revenue sources, is $1,924 per FTE. Increases in state aid are based on salaries and inflation. Recent increases have not been adequate to maintain program quality. Problem areas include the failure of state funds to keep pace with community college growth and the inadequacy of student fees as the exclusive source of capital construction funds.

West Virginia

The state aid formula is described as follows: After the state wide operational cost per FTE is estimated by the state board, each "district aidable cost" (minus required student fees) is multiplied by 35%, and this product is multiplied by the district equalization index assigned by the state board. The equilization index applied to a given district is the quotient S÷D, where

$$S = \frac{\text{Statewide full valuation}}{\text{Statewide FTE estimate}} \quad \text{and} \quad D = \frac{\text{District full valuation}}{\text{District FTE estimate}}.$$

Each college received an additional stipend of 40¢ for each student period of 50 minutes or more of approved driver training courses. Yearly increases in state aid are limited to 9.5 %.

Student fees are set according to program type. Students enrolled in college transfer programs must assume 25% of the statewide average operating costs. Fees are approved for postsecondary and adult vocational programs must be not less than 9.5% of the operating cost.

The reported expenditure per FTE, counting all revenue sources, is $3.193. The main problem confronting community colleges is the 9.5% lid on yearly increases in state aid.

Wyoming

No report.

SECTION III

(This section has been prepared by Patrick Bibby as part of a research study design. It is included here to provide a basis for thinking through an often reported problem in funding the current operations of community colleges.)

A Quality-Based Model for the State Financial Support of Community Colleges

Quality is a highly desirable but very elusive attribute in higher education. There are those who equate quality with admissions standards. If this were a valid perspective, then one would merely have to read the "admissions requirements" section of a college catalog to assess the quality of that college and not be concerned with such "trivial details" as educational programs. But there must certainly be more to quality than admission requirements. It must certainly be possible for community colleges to strive for quality even though they open their doors to all who apply.

Quality, like beauty, exists in the eyes of the beholder. The term defies absolute definition and must therefore be treated as a variable. It means one thing to a highly selective, research-oriented university and another to an open-door community college. Yet both may legitimately be regarded as high quality (or low quality) institutions. Any assessment of quality must somehow relate to institutional goals and objectives. If the goal of a community college is to provide for the educational needs of its community, then such should be the basis for assessing its quality.

The Functions of the Community College

Community colleges are unique among all the various types of post-secondary institutions in the degree to which they are committed to the goal of expanding educational opportunity. Martorana, Wattenbarger, and Smutz (1978) enumerated six functions which community colleges serve in order to satisfy this commitment. Specifically, community colleges

1. Make opportunity for postsecondary education universally available by adhering to open admissions policies.
2. Provide university parallel programs for students who intend to transfer to four-year institutions.
3. Offer vocational/occupational programs.
4. Maintain community service programs to meet selected needs of the local population.
5. Serve financially or educationally disadvantaged students who would not otherwise attend college.
6. Provide flexible time and location arrangements for their students. (p. 1)

The ability of community colleges to serve these functions is largely determined by the nature of financial support they receive from state sources.

Community College Financial Support

The burden of public support for community colleges has shifted from a predominantly local to a predominantly state responsibility. This shift has occurred for several reasons: the inability or unwillingness of local residents to approve needed increases in appropriations, the relative inelasticity of the property tax, and a commitment by many state legislatures to expand educational opportunities for their citizens (Martorana et al, 1978, p. 5).

Funding Criteria

Several authors, including Arney (1967), Wattenbarger and Cage (1974), Starnes (1975), Garms (1977), and Martorana and Wattenbarger (1978), have suggested criteria on which community college funding procedures should be based. Those presented by Martorana and Wattenbarger are particularly appealing in that they constitute an operational framework within which state funding practices can be evaluated. Specifically, state financial procedures should:

1. be consistent with the characteristic community college goals of open access, comprehensiveness, and sufficient local governance to assure responsiveness to local needs;
2. leave academic policy prerogatives in the hands of the local administration;
3. be objective in determining the weight assigned to the various components of the funding plan;
4. protect minimum levels of quality of programs and services offered;
5. allow local authorities flexibility in the administration of approved budgets;
6. insure inter-district equity of tax burdens. This criterion applies to those states where local participation in the financial support of community colleges is required; and
7. provide adequate, but not stifling, procedures for accountability between the community college and the major sources of financial support. (p. 5)

Current State Funding Practices

Although each of the states has adopted its own unique approach to finance community college operations, attempts have been made to categorize the various procedures. Starnes (1975) developed four categories to describe common characteristics of state funding plans. These categories are (a) negotiated funding, (b) unit-rate formula funding, (c) minimum foundation funding, and (d) cost-based program funding.

Negotiated funding. State funding for individual colleges which results from annual or biennial negotiations without the use of explicit formulas is regarded as negotiated funding. Detailed budgeting is the basis for state allocations. College representatives typically negotiate with the state legislature or a state board having statuatory authority to conduct such negotiations.

Unit-rate formula funding. State allocation of funds to colleges on the basis of a simple formula, specifying a fixed number of dollars per defined unit of measure is considered to be unit-rate formula funding. The defined funding unit may be a measure of enrollment, student credit hours, faculty positions, or some other input measurement. The most commonly used funding unit is the full-time equivalent student (FTE). Funding rates may be uniform or may be differentiated on the basis of institutional size, level of instruction, or type of college.

Minimum foundation funding. State funding for individual community college districts, which provides a guaranteed level of support per student or FTE when state and local funds are combined, is considered minimum foundation funding. The state's share is computed at a variable rate depending on the amount of local tax funding available at a prescribed

minimum millage levy. The state provides the difference between the amount of local support and the guaranteed standard. State appropriations are thus inversely proportional tolocal property value.

Cost-based program funding. The allocation of state funds on the basis of analyses of program costs per funding unit is considered cost-based program funding. This method is program-specific in that allocations are provided to separate program cost centers at variable rates. Differentiation for costs of instructional programs may be made between academic transfer courses and vocational/technical courses or among several identified programs. The total allocation to the college is the sum of the separate program allocations.

An Example: The Two-Factor Model

Several states base their allocations to community colleges on formulas similar to the following:

T = (F)(B), where

T = the total allocation, including state and local revenues, tuition, and other revenues.

F = the number of FTE students enrolled at the college.

B = a presecribed dollar amount per FTE student.

If the level of support is fixed at $2,000 per FTE and the college enrolls 5,000 FTE students, then the total allocation is ($2000)(5000) = $10 million. The state share is determined by deducting local, tuition, and miscellaneous revenues from the total.

A close inspection of this funding method uncovers at least 16 inadequacies:

1. Differential costs are not considered. The college is discouraged

from offering expensive, but possibly needed, programs.

2. There is no consideration of economies and diseconomies of scale. Small or very large colleges may be unjustly penalized.
3. Marginal costs are not utilized to differentiate between the costs of new programs and those of well established programs.
4. Colleges experiencing enrollment declines are forced to retrench continuously.
5. There is no consideration of different costs associated with a full-time student and an "equivalent" number of part-time students.
6. There is no consideration of differing costs due to geographical location.
7. There is no consideration of the needs of the community.
8. There is no built-in protection of program quality.
9. Local authorities are limited in their ability to prioritize among different programs.
10. Colleges are discouraged from maintaining adequate non-instructional services.
11. There is no financial encouragement to enroll disadvantaged students.
12. There is no provision for in-service faculty development programs.
13. There is no encouragement to provide students with alternative learning experiences.

14. Colleges are motivated to increase student-faculty ratios.
15. Colleges are encouraged to rely heavily on less expensive part-time instructors.
16. College administrators are forced to tailor programs around allocations instead of having allocations determined by program needs.

An Example: The Program-Specific Three Factor Model

States in which allocations are provided on the basis of program costs utilize a funding formula similar to the following:

Ap = (F)(B)(Cp), where

Ap = the allocation for program p.

F = the number of FTE students enrolled in program courses.

B = a prescribed "average" dollar amount per FTE.

Cp = the cost factor for program p.

The total allocation to the college is the sum of all program allocations.

The factor B is constant over all programs and represents the average statewide cost per FTE in all programs combined. Yearly increases in allocations, if any, are generally incorporated into this factor. The program cost factor Cp is computed by dividing the statewide average cost per FTE in program p by the statewide average cost per FTE for all programs. The cost factor is found by analyzing cost data from some previous (base) year and performing the division described. For example, suppose an analysis of 1975 cost date revealed that, on the average, Biology costs statewide were $1,500 per FTE and that, on the average, the cost per FTE for all instructional programs statewide was $1,200. Then the Biology cost

factor is set at ($1500 ÷ $1200) = 1.25. The Biology programs in each of the state's community colleges are funded with this cost factor.

The program-specific funding model is an improvement over the two factor model, but many of the inadequacies inherent to the two factor model still exist. Moreover, since the program cost factors are computed on the basis of average costs, a given program will be underfunded at half the colleges and overfunded at the other half.

Proposal: A Quality-Based Funding Model

The quality-based funding model proposed here is one which is program/institution specific in that it differentiates among instructional programs and provides each community college the opportunity to set cost levels for each program based on actual costs and institutional priorities. The model is expressed as a five factor algebraic formula:

Ap = (F)(B)(Cp)(Mp)(Ip), where

Ap = the allocation for program p.

F = the number of FTE students in program p.

B = a prescribed "average" dollar amount per FTE.

Cp = the cost factor for program p.

Mp = a "quality maintenance" factor for program p, which is institution-specific.

Ip = a "quality improvement" factor for program p, which is institution-specific.

The total allocation to the college is the sum of all program allocations.

Components of the Model

The factors F, B, and Cp. Each of these factors are identical to those in the previous three factor model. States in which the FTE is not

used as the funding unit can still apply the model with their established units. If the program cost factor is not determined by base-year average costs, the model still applies.

The quality maintenance factor Mp. The quality maintenance and quality improvement factors in the model allow institutions to provide input into the funding process and target funds to programs that need them most. Over-funding and underfunding programs are minimized with the inclusion of these two factors. Relative to program funding, the components of quality maintenance might include sufficient funds to:

1. offset declining enrollments if the formula is enrollment-driven;
2. offset inflation and rising energy costs;
3. increase personnel salaries consistent with the cost of liying in the community college district;
4. maintain existing equipment or replace worn equipment;
5. maintain a given level of assistance to disadvantaged students;
6. maintain library acquisitions at a given level;
7. offset higher costs for small or very large institutions;
8. insure that a certain percentage of courses be conducted by full-time faculty; and
9. maintain a faculty development program.

It must be emphasized that this list is not intended to exhause those elements which are considered essential to quality maintenance. Different elements may be required in various settings, depending on statewide and institutional priorities.

The quality improvement factor Ip. Relative to program funding, the components of quality improvement might include sufficient funds to

1. raise any of the quality maintenance components above the maintenance level;
2. offer experimental courses, new degree subprograms, or new certificate subprograms;
3. provide alternative learning experiences for students;
4. purchase specialized equipment;
5. increase the ratio of full-time to part-time faculty;
6. enhance program review and evaluation activities.

Again, these elements are offered only as examples. Specific elements must ultimately depend on state, institutional, and program priorities.

Evaluation of the Model

Martorana and Wattenbarger (1978) investigated the state funding methods currently in use (negotiated funding, unit-rate formula, minimum foundation, and cost-based funding) and evaluated each in relation to the funding criteria which they developed. Their evaluations are presented here together with a suggested evaluation of the proposed quality-based model (Table 1).

Table 1

Evaluation of State Procedures to Finance Community Colleges[a]

Evaluation Criteria	Negotiated Budget	Unit-rate Formula	Minimum Foundation	Cost-based Funding	Quality-based Funding
1. Consistency with Community College Goals					
A. Open Access	1	3	4	3	3
B. Comprehensiveness	1	2	4	5	5
C. Local Control	1	5	4	3	5
2. Local Policy Prerogatives	1	5	4	4	5
3. Funding Objectivity	1	4	4	5	5
4. Protection of Quality	2	1	1	3	5
5. Local Budget Flexibility	1	5	4	4	5
6. Equity of Tax Burden	5	3	5	4	4
7. Accountability					
A. To State	5	1	3	5	5
B. To District	1	4	3	4	5
Cumulative Index	19	33	36	40	47

[a]Key: 5 = Strong
4 = Strong to Moderate
3 = Moderate
2 = Moderate to Weak
1 = Weak

Conclusion

Since the states have assumed the role as the major source of operating funds, community colleges have experienced increasing difficulty in responding to local needs. Embedded within the community college mission is the concept of flexibility, now severely constrained by state funding practices. To the community college, flexibility is a prerequisite to quality. The quality-based funding model is intended to provide a framework for institutional flexibility.

SECTION IV

Tables

The following tables display data which are comparable to former studies. These data include only those states from which data were received. Several states did not reply to the request. (Inquiries concerning those states may be addressed to the state officials when so desired.)

Several trends are illustrated in these tables: the increasing part state support is playing in the community college financing; the wide range on expenditures as reported per student; and the similarities of problems reported in Table 8.

Table 1

Comparison of State Support, Local Support, and Student Fees (Median Percentages) for 1929, 1968, and 1980

	1929	1969	1980	1980 Range
State Support	3 %	51 %	66 %	21 % - 100 %
Local Support	46 %	21 %	7 %	0 % - 50 %
Student Fees	49 %	20 %	17 %	0 % - 33 %

Table 2

States From Which No Data Were Reported

No Data Reported	Fall 1980 Enrollment
Alaska	13,693
Arizona	114,290
Hawaii	21,211
Indiana	29,166
Louisiana	14,241
Maine	8,509
Massachusetts	72,557
Michigan	208,037
Minnesota	39,636
North Dakota	7,525
Oregon	76,942
South Dakota	0
Vermont	2,609
West Virginia	16,582
Wyoming	11,245
15 States Total	636,643

= 13.6 % of 4,666,286

Table 3

Rank Order of States by Reported Expenditure per FTE, 1980

State	Reported FTE	Reported Expenditure/FTE
Arkansas	6,181	$ 3,333
Wisconsin	54,550	3,193
Utah	9,900	3,072
New Hampshire	2,536	2,976
Georgia	13,215	2,868
Rhode Island	6,928	2,839
Nebraska	13,811	2,736
Montana	1,320	2,700
New York	118,744	2,664
Delaware	5,100	2,500
New Mexico	7,246	2,427
Missouri	27,043	2,421
Colorado (Local)	1,109	2,225
Ohio	32,776	2,201
Pennsylvania	70,000	2,200
Maryland	55,110	2,195
Virginia	55,360	2,109
Iowa	48,050	2,027
New Jersey	76,278	2,020
Illinois	172,384	1,948
Washington	97,848	1,924
Mississippi	40,097	1,907
Colorado (State)	20,612	1,898
Oklahoma	25,715	1,854
Kentucky	11,129	1,803
California	688,591[a]	1,769
Florida	182,487	1,760
Puerto Rico	N/A	1,748
Kansas	19,208	1,724
Connecticut	14,872	1,703
Alabama	23,584	1,563
South Carolina	34,549	1,547
Idaho	N/A	1,426
North Carolina	78,867	1,366
Nevada	5,838	961

[a]Students in average daily attendance (ADA)

Table 4

Changes in Reported Expenditure per FTE, 1978 to 1980

State	1978	1980	Percent Change (Two Yrs)	Program Quality Maintained
Alabama	N/A	$ 1,563	--	yes
Arkansas	$ 1,972	3,333	+69%	N/R
California	1,597	1,769	+11%	yes
Colorado(State)	1,605	1,898	+18%	no
Connecticut	1,374	1,703	+24%	no
Delaware	2,517	2,500	- 1%	yes
Florida	1,601	1,760	+10%	no
Georgia	2,500	2,868	+15%	yes
Idaho	N/A	1,426	--	N/R
Illinois	1,566	1,948	+24%	no
Iowa	1,889	2,027	+ 7%	no
Kansas	N/A	1,724	--	no
Kentucky	1,378	1,803	+31%	no
Maryland	1,939	2,195	+13%	yes
Mississippi	1,502	1,907	+27%	N/R
Missouri	2,034	2,421	+19%	no
Montana	N/A	2,700	--	N/R
Nebraska	2,314	2,736	+18%	no
Nevada	N/A	961	--	N/R
New Hampshire	N/A	2,976	--	N/R
New Jersey	1,823	2,020	+11%	N/R
New Mexico	2,100	2,427	+16%	N/R
New York	2,278	2,664	+17%	N/R
North Carolina	1,559	1,366	-12%	yes
Ohio	1,758	2,201	+25%	yes
Oklahoma	1,420	1,854	+31%	yes
Pennsylvania	1,630	2,200	+35%	yes
Puerto Rico	N/A	1,748	--	N/R
Rhode Island	N/A	2,839	--	no
South Carolina	1,010	1,547	+53%	no
Tennessee	2,235	N/A	--	N/R
Texas	N/A	N/A	--	yes
Utah	N/A	3,072	--	no
Virginia	1,763	2,109	+20%	no
Washington	1,634	1,924	+18%	no
Wisconsin	2,634	3,193	+21%	yes
Colorado(local)	N/A	2,225	--	N/R

Table 5

Percent of 1980 Operating Funds by Source

	State	Local	Student Fees	Federal	Other
Alabama	79%	2%	17%	2%	0%
Arkansas	61	1	13	13	13
California	69	23	0	8	0
Colorado(State)	68	0	28	3	1
Colorado(Local)	38	36	19	0	17
Connecticut	68	0	6	1	25
Delaware	100	0	0	0	0
Florida	65	0	22	9	4
Georgia	80	0	20	0	0
Idaho	40	45	8	7	0
Illinois	43	36	16	2	3
Iowa	55	11	21	10	3
Kansas	33	50	16	1	0
Kentucky	67	0	20	10	3
Maryland	36	34	28	0	2
Mississippi	41	18	16	9	16
Missouri	46	27	23	2	8
Montana	50	28	22	0	0
Nebraska	41	41	13	2	1
Nevada	85	0	15	0	0
New Hampshire[a]	76	0	24	1	0
New Jersey	32	33	29	0	6
New Mexico	45	19	16	0	20
New York	34	23	29	2	13
North Carolina	78	12	7	3	0
Ohio	50	28	18	1	3
Oklahoma	76	6	15	0	3
Pennsylvania	35	28	33	4	0
Puerto Rico	98	0	2	0	0
Rhode Island	80	0	20	0	0
South Carolina	54	8	17	20	2
Tennessee	76	0	18	2	4
Texas	66	-	-	0	34[b]
Utah	76	0	18	1	5
Virginia	80	0	20	0	0
Washington	91	4	0[c]	5	0
Wisconsin	21	47	9	10	13

[a]Full time day enrollment only

[b]Includes local support and student fees

[c]Student fees are charged, but are returned to the state general fund

Table 6

Percent of 1980 Capital Outlay by Source

	State Appropriations	Local Taxes	State Bonds	Other
Alabama	0%	0%	90%	10%
Arkansas	0	100	0	0
California	75	25	0	0
Colorado (State)	100	0	0	0
Colorado (Local)	38	36	0	26
Connecticut	3	0	90	7
Delaware	32	0	68	0
Florida	4	0	86	10
Georgia	100	0	0	0
Idaho	N/R	N/R	0	0
Illinois	0	67	31	2
Iowa	N/R	N/R	N/R	N/R
Kansas	0	100	0	0
Kentucky	100	0	0	0
Maryland	0	50	50	0
Mississippi	N/R	N/R	N/R	N/R
Missouri	0	100	0	0
Montana	0	0	0	100[a]
Nebraska	0	100	0	0
Nevada	42	0	58	0
New Hampshire	100	0	0	0
New Mexico	75	25	0	0
New York	0	50	50	0
North Carolina	62	36	0	2
Ohio[b]	0	0	0	0
Oklahoma	93	7	0	0
Pennsylvania	50	50	0	0
Puerto Rico	100	0	0	0
Rhode Island	100	0	0	0
South Carolina	37	0	48	15
Tennessee	100	0	0	0
Texas	0	100	0	0
Utah	N/R	N/R	N/R	N/R
Virginia	57	25	7	11
Washington	0	0	100	0
Wisconsin	N/R	N/R	N/R	N/R

[a]Coal Board Impact Funds, FHA Loans, Local Pledges

[b]No capital bill passed in 1980

Table 7

State Appropriations for Community Colleges (In Thousands of Dollars)

	CURRENT OPERATIONS			CAPITAL OUTLAY			TOTAL		
	1978	1980	% Change	1978	1980	% Change	1978	1980	% Change
Alabama	N/A	39,250	--	N/A	N/A	--	N/A	N/A	--
Arkansas	8,646	12,159	+41%	N/A	N/A	--	N/A	N/A	--
California	472,907	997,149	+111%	85,513	20,769	-76%	558,420	1,017,828	+82%
Colorado	54,634	N/A	--	1,979	N/A	--	56,613	N/A	--
Connecticut	23,772	28,482	+20%	209	5,665	+2,610%	23,981	34,147	+42%
Delaware	13,361	15,814	+18%	N/A	1,169	--	N/A	16,983	--
Florida	179,381	220,852	+23%	41,957	69,387	+65%	221,338	290,239	+31%
Georgia	N/A	N/A	--	N/A	657	--	N/A	N/A	--
Idaho	N/A	4,800	--	N/A	N/A	--	N/A	N/A	--
Illinois	111,771	128,320	+15%	29,740	46,041	+55%	141,511	174,361	+23%
Iowa	N/A	53,034	--	9,607	10,242	+ 7%	N/A	63,276	--
Kansas	N/A	N/A	--	N/A	1,929	--	N/A	N/A	--
Kentucky	15,348	17,417	+13%	N/A	8,503	--	N/A	25,920	--
Maryland	45,112	45,685	+ 1%	N/A	N/A	--	N/A	N/A	--
Mississippi	24,700	31,317	+27%	15,029	N/A	--	39,729	N/A	--
Missouri	21,806	30,232	+39%	N/A	N/A	--	N/A	N/A	--
Montana	N/A	1,940	--	N/A	2,600	--	N/A	4,540	--
Nebraska	14,100	N/A	--	7,284	1,880	-74%	21,384	N/A	--
Nevada	N/A	10,133	--	N/A	7,274	--	N/A	17,407	--
New Hampshire	N/A	10,273	--	N/A	6,870	--	N/A	17,143	--
New Mexico	8,403	17,588	+109%	N/A	N/A	--	N/A	N/A	--
New York	268,213	N/A	--	N/A	N/A	--	N/A	N/A	--

47

Table 7 cont'd.

	CURRENT OPERATIONS			CAPITAL OUTLAY			TOTAL		
	1978	1980	% Change	1978	1980	% Change	1978	1980	% Change
North Carolina	N/A	174,805	--	N/A	9,754	--	N/A	184,559	--
Ohio	N/A	39,980	--	11,600	0	--	N/A	39,980	--
Oklahoma	27,773	N/A	--	2,225	7,018	+215%	29,998	N/A	--
Pennsylvania	46,600	44,000	- 6%	N/A	14,695	--	N/A	58,695	--
Puerto Rico	N/A	17,781	--	N/A	N/A	--	N/A	17,781	--
Rhode Island	17,074	15,007	-12%	403	438	+ 9%	17,477	15,445	-12%
South Carolina	30,990	40,415	+ 30%	N/A	5,238	--	N/A	45,653	--
Tennessee	26,821	N/A	--	9,188	1,859	-80%	36,009	N/A	--
Texas	N/A	N/A	--	N/A	N/A	--	N/A	N/A	--
Utah	N/A	N/A	--	N/A	N/A	--	N/A	N/A	--
Virginia	92,748	109,292	+18%	27,254	17,541	-36%	120,002	126,833	+ 6%
Washington	160,108	188,239	+18%	7,600	39,000	+413%	167,708	227,239	+35%
Wisconsin	53,048	64,134	+21%	19,955	23,908	+20%	73,003	88,042	+21%

Table 8

Problem Areas in Financing Community Colleges

Alabama	Rising operation costs; building repair; high transportation costs.
Arkansas	Declining rate of revenue growth.
California	Taxing restrictions (Propositions 4 and 13); surplus about to disappear.
Colorado (state)	Decline in real-dollar support; less administrative support; deferred maintenance.
Colorado (local)	Funding not keeping pace with cost increases.
Connecticut	Insufficient funding to maintain the open door.
Delaware	Inflation.
Florida	Pressure to increase student fees; high cost programs; start-up costs.
Georgia	N/R
Idaho	Need broader local tax base.
Illinois	Two year lag between reported enrollment and funding causes hardship for colleges with increasing enrollment.
Iowa	High tuition; property tax limits; dwindling state funds.
Kansas	No out-of-district aid; unrealistic budget ceiling.
Kentucky	Insufficient funds for faculty salaries; limited funds.
Maryland	N/R
Mississippi	No differential costs; no provision for enrollment fluctuation.
Missouri	Insufficient allocation for higher than projected enrollment; no capital improvements.
Montana	Local/state mix.
Nebraska	Low valuations; seven percent lid on state/local tax sources; personal property tax relief; tax exemptions.

Table 8 - cont'd.

Nevada	Budget formulas; state revenue priorities.
New Hampshire	Faculty salaries; equipment; inflation; tight state budget.
New Mexico	None yet.
New York	Complexity of current formula; no inflation factor in formula; FTE limit on state aid.
North Carolina	Cost differentials (none); equipment.
Ohio	Continuing education; developmental education; fixed costs.
Oklahoma	N/R
Pennsylvania	Local resistance to raise support.
Puerto Rico	Shortage of funds forcing enrollment cutbacks.
Rhode Island	Cannot offset inflation; cannot enhance college scope.
South Carolina	Year-to-year stability; equipment; austere budgeting.
Tennessee	Faculty salaries; equipment replacement funds.
Texas	No problems of significance.
Utah	N/R
Virginia	Fixed and indirect costs not adequately addressed.
Washington	Heavy reliance on student fees for capital outlay; state aid is not keeping pace with growth.
Wisconsin	State cost controls (9 1/2% increase imposed).

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